



PHS

Pima Health System

Karen L. Fields, Director

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May 13, 2008

Michael Veit
Contracts and Purchasing Administrator
AHCCCS Administration
801 E. Jefferson Street, MD 5700
Phoenix, AZ 85034

Re: Request for capped enrollment

Dear Mr. Veit:

This correspondence is in response to your letter dated May 13, 2008 notifying Pima Health System that it was not awarded the Acute Care CYE 09 contract.

As stated in the RFP # YH09-0001, Section 9 Award of Contract; Pima Health System is requesting to have its enrollment capped and to continue providing services to existing members under the terms and conditions of the new Contract.

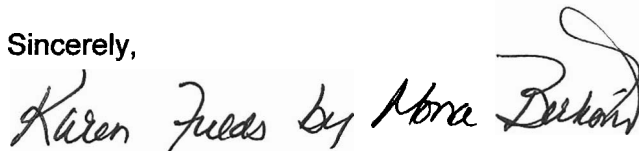
It is in the best interest of the State of Arizona to grant this request for the following reasons:

- Since the inception of AHCCCS, PHS has demonstrated twenty-six (26) continuous years of expertise as a provider of healthcare services and as an AHCCCS Managed Care contractor.
- During the past 26 years, other health plans have entered and exited the market while PHS has maintained stability in its contractual relationships with AHCCCS. PHS has participated prior to AHCCCS' inception and our commitment will continue beyond the CYE 09 contract period.
- PHS maintains an established, extensive, high quality network of medical and healthcare service providers focused on the needs of all AHCCCS members.
- As a Government entity, PHS' single most important responsibility is to provide its members with quality services which offer choice, dignity, independence, individuality, privacy and self determination.
- PHS employees represent AHCCCS in every forum accepting a leadership role, setting best practices and furthering the success of the AHCCCS program.
- PHS ensures current and ongoing program viability and reinvests in the infrastructure, provider network and services for AHCCCS members.

- PHS has numerous formal and informal partnerships with a large number of community agencies, organizations, coalitions and advocacy groups within the community that facilitate enhanced services and provide continual opportunities to educate the community about the AHCCCS program.
- Pima County has demonstrated leadership and strong partnership with AHCCCS and often exceeds compliance audit criteria.
- PHS is vested in the Medicaid Managed Care model and has a long history of providing publicly funded healthcare services in Pima and Santa Cruz Counties.
- PHS has a local presence in Pima and Santa Cruz Counties allowing members easy access to providers, services and PHS staff.
- Pima County is implementing the latest technology to streamline PHS' administration of health delivery services such as authorizations, member eligibility and claims adjudication.
- Quality is a driving force of PHS, from the leadership role taken by the Quality Management Division to the comprehensive provider network available to the membership, to performance on measurable outcomes.
- Pima County is invested as a stakeholder in the AHCCCS Program through its AHCCCS and ALTCS contribution of approximately \$70 million annually.
- Pima County focuses on service to members, providing high quality care while ensuring fiscal responsibility as demonstrated by a medical expense ratio consistently above 90%, which exceeds the required medical expense ratio of 84%.
- As part of the Pima County governmental entity, PHS especially understands the necessity and responsibility to respond promptly and thoroughly within HIPAA guidelines to its elected and appointed officials.

I look forward to a continued partnership with the AHCCCS Administration.

Sincerely,



Karen L. Fields, Director
Pima Health System

cc: Rodd Mas, DHCM